

Area lawyers, White linked to Heard fees

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Attorneys Larry Macon and Rebecca Bustamante have been paid thousands of dollars in connection with Oliver Heard's delinquent tax collection contracts with the city of San Antonio and two Bexar County school districts, according to documents prepared in Heard's law offices.

Also receiving payments were former Gov. Mark White, for a contract Heard's firm has in Brazoria County, and the law firm of state Sen. Craig Washington, for a contract with the Houston School District, the documents show.

Macon is a prominent player in local politics whose wife, Jane, is a former city attorney. Bustamante is the wife of U.S. Rep. Albert Bustamante.

Officials with the city of San Antonio and the two Bexar County school districts said they were not aware of the payments, which should have been disclosed according to the attorneys' Code of Professional Responsibility.

Heard late Friday denied that Macon, Bustamante or White has any undisclosed agreements with his firm. He said the document reviewed by The Light is in error.

The document examined Friday is a financial statement for the law firm of Heard, Goggan, Blair & Williams for August 1987. It uses standard accounting forms to lay out monthly and year-to-date operating expenses and other financial information. The document contains the name of a Heard employee who purportedly compiled it.

The document shows monthly payments arising from the city contract in August 1987 - the height of last year's delinquent tax collection season - were more than \$9,600 for Macon and exactly half the amount for Bustamante. Macon also received about \$14,000 connected with the Northside School District, and Bustamante received about \$1,600 connected with South San Antonio School District.

Payments to White were listed as \$3,770, for a contract Heard's firm has in Brazoria County; and \$20,000 was listed to the law firm of Washington, for a contract with the Houston School District.

The payments are contained under a heading entitled "Local Counsel."

San Antonio City Attorney Lloyd Garza said Friday the city knows of no deal in which Heard's 15 percent delinquent tax collection fee would be divided with other lawyers in a local counsel arrangement. Officials in Northside and South San Antonio school districts said they also were unaware any such deals.



MARK WHITE

(Indicate page, name of newspaper, city and state.)

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HEARD: Payments listed

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Heard has acknowledged that, under the Code of Professional Responsibility, any division of fees with other lawyers would have to be disclosed to the local governments involved.

In a telephone interview, Heard said the documents may reflect an early draft of the financial statement containing mistakes. However, Heard declined to provide The Light a corrected financial statement.

Heard specifically denied that Macon and Bustamante were receiving fees as local counsel.

But he confirmed that other names on the documents, including Washington's, are paid by his firm to serve as liaisons to local governments as part of his \$175 million per year delinquent tax collection practice. Their names have been properly disclosed to the local governments in their individual jurisdictions.

Heard said Macon and White each have represented his firm on numerous matters, but all payments to them have been fees for professional services and not percentage payments based on delinquent tax collection. Heard said that Bustamante, as a member of his firm, could not be a "local counsel" and that technically she represents all the firm's clients.

"That's incorrect information," Heard said of the documents. "Those people (Macon, Bustamante and White) are not in attorney-client relationships with those jurisdictions."

He also said, "The designations that may or may not exist (in the

documents) are not meaningful."

Macon, reached by telephone Friday afternoon, said he would discuss the matter later in the day, but he failed to call Light reporters as promised.

Bustamante could not be reached for comment, but her husband, the congressman, read a statement from her declaring: "I am an attorney. If something is wrong, let them proceed. I am not a politician."

The documents list not only the payments to local counsels but the jurisdictions in which the attorneys earned the payments.

White said that since leaving the governor's office in January 1987, he has represented Heard's firm on delinquent tax collection in Brazoria County, but said he could not comment on the nature of the work out of ethical considerations.

"That's not the only relationship that we've had together," White said in a telephone interview. "We can't comment on the nature of a professional relationship. I'm sorry I can't be more forthcoming about it."

The documents suggest that White received "local counsel" payments of more than \$3,700 for August 1987.

Washington, whose law firm received \$20,000 designated as "local counsel" payments in August 1987, said he has worked in such a relationship with Heard's firm and he is contemplating a lawsuit because he believes he has not been paid according to his agreement.

"I don't like to air dirty laundry in public," Washington said. "They have enough problems as it is, so I

put my suit on the back burner. I didn't want it to look like I was piggybacking on their other problems."

Heard said the agreement with Washington's firm stems from a Houston ordinance requiring minority participation in local contracts.

Macon, who has made a broad range of campaign contributions, is the husband of former City Attorney Jane Macon. Another former city attorney, Lowell Denton, is chief attorney in Heard, Goggan's San Antonio office. Congressman Bustamante is a close friend of Heard who helped him enter the delinquent tax collection field in 1980, when Bustamante was Bexar County judge.

Critics of Heard have charged that the "local counsel" arrangements can amount to political influence-buying. The Light reported in a series of articles this week that state Sen. Frank Tejeda was approached by a representative of Heard's firm and told that he could receive continuing payments, possibly in secret, if he helped the firm obtain a contract with the Harlandale School District.

Heard and the lawyer whose conversation was secretly recorded by Tejeda, Lupe Zamarripa, said Tejeda's belief that he was being offered an improper deal was a "misunderstanding."

The Houston Chronicle contributed to this story.